

# Thirtieth Report of Session 2021-22

## Cabinet Office

### Challenges in implementing digital change

#### Introduction from the Committee

Digital transformation is business change bringing together data, processes, people and technology in new ways to fundamentally change how departments and other organisations serve and provide value to citizens. Responsibility for improving government's performance rests at the centre with the Central Digital and Data Office (CDDO) and the Government Digital Service (GDS), which are both part of the Cabinet Office. The CDDO, created in 2021, leads the digital, data and technology function of government and is responsible for strategy, standards, and capability development. The GDS has refocused its role on building products and services that help provide a simple, joined-up and personalised experience of government to the public. However, individual departments are responsible for the day-to-day delivery of their own programmes.

Based on a report by the National Audit Office, the Committee took evidence on 23 September 2021 from the Cabinet Office and HM Revenue and Customs. The Committee published its report on 10 December 2021. This is the government's response to the Committee's report.

#### Relevant reports

- NAO report: [The challenges in implementing digital change](#) – Session 2021-22 (HC 575)
- PAC report: [Challenges in implementing digital change](#) – Session 2021-22 (HC 637)

#### Government response to the Committee

**1: PAC conclusion: Too many senior government leaders are not equipped with the knowledge and know-how required for making good decisions and to drive digital business change.**

**1: PAC recommendation: The Cabinet Office should develop a robust and certifiable digital business change education process aimed at ministers, Departmental boards and senior civil servants and should make certification a pre-requisite for taking on key roles. The Department should provide an update to the Committee on progress in six months.**

1.1 The government agrees with the Committee's recommendation.

#### Target implementation date: August 2022

1.2 Training specifically aimed at Ministers and senior officials has already begun and will be expanded upon in the 2022-23 financial year. The Data Masterclass for Senior Leaders was launched in December 2020 as a pilot. There have been 1,500 participants to date from the Ministerial and Special Adviser community, fast streamers and Permanent Secretaries, including 1,283 Senior Civil Service 1 (SCS1) members and above. Alongside this, the [Government Skills and Curriculum Unit](#) has delivered the first of a series of planned ministerial induction training programmes within the House of Commons.

1.3 The Central Digital and Data Office (CDDO) and Civil Service HR have defined a common standard for the digital, data and technology skills that civil servants require and will be implemented in the 2022-23 financial year with linked learning and development. Said

learning and development will be constructed and delivered in partnership with the Government Skills and Curriculum Unit. Once deployed, all incoming senior civil servants will be tested against the standard as part of the recruitment process. Implementation updates will be provided as part of the Committee's progress update milestone.

1.4 All new aspiring leaders who join the civil service through the Fast Stream programme now complete a digital and data orientation and upskilling as part of their induction. This was launched with 430 new joiners in 2021. The Digital, Data and Technology (DDaT) Professions team has also refreshed its Fast Stream programme and joined with Government Security Profession to create the DDaT and Cyber Fast Stream, which launched in 2021 with a cohort of 82.

**2: PAC conclusion: There is no clear plan to replace or modernise legacy systems and data that are critical to service provision but are often old, unsupportable, vulnerable and a constraint on transformation.**

**2: PAC recommendation: At the start of 2022 the CDDO should work with departments to map legacy systems across government to document what is there, why it exists and how critical it is. By the end of 2022 the CDDO should use this to produce a pipeline of legacy systems they have prioritised with milestones for action. This pipeline should be shared with the Committee.**

2.1 The government agrees with the Committee's recommendation.

**Target implementation date: end of December 2022**

2.2 At the 2021 Spending Review, CDDO worked closely with HM Treasury to provide spend teams with expert input and advice on the prioritisation of Digital, Data and Technology (DDaT) spending bids submitted by departments, considering the particular challenges and investment needs being faced by departments. As a result, the government has committed to invest £2.6 billion in cyber and legacy IT over the Spending Review 2021 period. Building on this, CDDO is now working with departments to establish a common methodology for identifying and prioritising legacy risk. CDDO aims to implement this across ministerial departments by the end of 2022.

2.3 CDDO will work with departments to agree remediation plans to address key risks and to reduce overall government exposure to legacy systems. Departments' progress in delivering these plans will be monitored through regular Quarterly Business Reviews jointly chaired by CDDO and HM Treasury.

**3: PAC conclusion: Departments have failed to understand the difference between improving what currently exists and real digital transformation, meaning that they have missed opportunities to move to modern, efficient ways of working.**

**3: PAC recommendation: The Cabinet Office and departments should introduce a structured way of deciding whether the changes they are making represent incremental improvements to existing systems, or a more transformational redesign of business processes. The Cabinet Office and departments should reflect this in the depth and rigour of the initial scoping and design of programmes.**

3.1 The government agrees with the Committee's recommendation.

**Target implementation date: end of December 2022**

3.2 Wholesale digital transformation in departments will require significant, systemic change in government to remove institutional barriers and create the conditions for successful investment and delivery. CDDO is working with HM Treasury, the Infrastructure and Projects Authority (IPA), and colleagues across government to drive this change, by ensuring the funding, business and governance models are in place to support and incentivise modern, efficient digital product-centric, services and transformation. These systemic reforms will create a foundation and environment which facilitates investment in technologies, such as automation, which can be developed and utilised to enable both incremental and wholesale digital transformation to be realised. The Automation Blueprints, developed by the Government Automation Taskforce (GAT) in 2020, identified up to £1.4 billion of potential automation-related departmental opportunities across government over three years. GAT has now been incorporated into CDDO, and CDDO is working to support departments to prioritise these automation and transformation opportunities.

3.3 CDDO proposes to work with partners across government to transform critical services in order to drive excellence in user experience and efficient processes that reduce costs. It will work up an initial list of prioritised public services and civil servant journeys requiring transformation. CDDO and GDS will then offer targeted interventions depending on the type and scale of improvements needed. This might include identifying opportunities for automation, recommending and unblocking improvements and supporting funding of high value opportunities.

***4: PAC conclusion: Digital programmes often fail to have their own single programme office to support the programme director to align all aspects throughout the lifetime of the programme, including integration of legacy and future systems.***

***4: PAC recommendation: The Cabinet Office should develop guidance on how to approach legacy integration, and mandate rigorous and professional design, data and infrastructure controls and practices, with appropriate accountabilities.***

4.1 The government agrees with the Committee's recommendation.

**Target implementation date: end of December 2022**

4.2 CDDO will work with departments to improve the management of large-scale programmes involving transition from legacy systems to new digital solutions. This will focus on legacy integration and the transition phase. CDDO will monitor the cross-government legacy estate using the legacy framework, using insights from the framework to inform better decision making, whilst also producing guidance for departments on how to manage integrations and transitions away from legacy effectively, drawing on best practice from government and from industry. Programmes will also be evaluated on their adherence to the legacy framework and wider standards as part of the Cabinet Office spend controls process. Many departments have already implemented single programme offices for digital programmes, who Cabinet Office work closely with, such as the Technology Sourcing Programme in HM Revenue & Customs, or the Prison Technology Transformation Programme in the Ministry of Justice.

**5: PAC conclusion: Departments have failed to develop a modern professional approach to IT operations needed to support business change and transformation and have created an over-reliance on outsourcing.**

**5: PAC recommendation: The Central Digital and Data Office should set out what departments need to put in place to improve the maturity of departments' approach to IT operations and change including:**

- **what the Intelligent Client Function should do;**
- **what influence Digital specialist leaders should have;**
- **who should be accountable and responsible for contracting; and**
- **the assurance mechanisms at the beginning and throughout the lifecycle.**

5.1 The government agrees with the Committee's recommendation.

**Target implementation date: Summer 2022**

5.2 Central government is working to support departments to act as 'intelligent clients' by increasing capability, and also by providing common frameworks and memoranda of understanding (MOUs) which offer government organisations access to external expertise more easily. CDDO uses the [Technology Code of Practice](#) as a standard in the spend controls process, and it recently updated the commercial guidance (point 11) to include more information on departmental purchasing strategies. This includes more specific guidance on choosing when to build and when to buy technology. CDDO is also working on more detailed guidance on this topic. The DDaT and Commercial functions have created the DDaT Playbook to provide government policy and clear guidance on how to approach commercial delivery and procurement of digital products and services whilst maximising value for money.

5.3 CDDO will support departments to improve both their overall digital maturity and approach to IT operations and technology change through the publication of an updated DDaT Functional Standard and an accompanying DDaT Assessment Framework. The Standard will set out clear best practice for how all digital, data and technology work and activities should be conducted across government. The associated Assessment Framework will enable departments to evaluate their maturity against the Standard, and the results of these assessments will be reviewed and discussed as part of CDDO's wider performance and maturity framework and processes.

**6: PAC conclusion: There is a large gap between the demand for and supply of the digital specialists that government needs, and it is hard to get the right balance of in-house and outsourced skills.**

**6: PAC recommendation: The Central Digital and Data Office should write to us, within 6 months, setting out how it intends to measure progress against its capability strategy, and annually thereafter to report what progress it has made against those metrics.**

6.1 The government agrees with the Committee's recommendation.

**Target implementation date: Summer 2022, and annually thereafter**

6.2 The government will measure progress against the DDaT Capability strategy through key benefit metrics and associated success indicators. These will include, but will not be limited to, the ratio of permanent to temporary staff and numbers of apprentices. A report detailing agreed metrics will be shared with the Committee within 6 months. Subsequently, assessment against these metrics will be conducted at departmental level via Quarterly

Business Reviews, co-chaired by the CDDO and HM Treasury, leveraging data provided through the CDDO's Digital Dashboard process.

6.3 The CDDO will support departments in optimising workforce configuration through a series of central interventions which complement existing resources, for example, the [Consultancy Playbook](#) regarding intelligent outsourcing.

6.4 Creating a 'single front door' for DDaT recruitment is a key intervention. This approach will see a consistent, streamlined process through which government will identify, assess, onboard and deploy DDaT talent. This will maximise opportunities to promote the Civil Service as an employer and support efforts to reduce internal competition for talent. The CDDO will continue to align departments to the [DDaT Capability Framework](#) and associated remuneration offer to further support recruitment and retention.

6.5 A new training academy will be established in conjunction with the Government Skills and Curriculum Unit to facilitate an enhanced digital training offer to the Civil Service. The academy will focus on re-training existing civil servants outside of the DDaT profession. It will also provide the central hub for early talent initiatives including the [Civil Service DDaT Fast Stream](#), digital apprenticeship and diversity internship schemes.